

## Information Item

### *California Postsecondary Education Commission*

Executive Director's Report, April 2001

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Executive Director Warren Fox will discuss issues of mutual concern to the commissioners including legislative issues for higher education in California, 2001.

Included in this report is information that has been provided to the Legislature. Each year, after introduction of the Governor's proposed budget in January, the Legislature begins holding a series of hearings to discuss the proposed budgets for each of the three public systems of higher education, student financial aid, and the Commission -- as they do for all State-funded agencies and programs.

At the start of these hearings, the Commission's Executive Director routinely provides the Legislature with an overview of some of the major issues facing higher education in the State so that they can begin their discussions in an informed matter and are better able to prioritize funding for education-related programs. The information provided to Commissioners here was presented in various formats to members of the budget committees in each house in preparation for decisions to be made for the 2001-2002 State Budget.

*Presenter:* Warren H. Fox, Executive Director.



## CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

# Report of the Executive Director

April 2, 2001

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A vital partnership exists between California's higher education system and the State's economic well-being. One cannot flourish without the other. Our colleges and universities have crafted new or expanded roles in response to national, international, state, and local issues. As a state, we must respond creatively to the economic and social environment of the early 21<sup>st</sup> century and beyond.

Among all endeavors and pursuits, education has this chief and abiding distinction: it lifts all of us above the difficulties of the moment so that we may envision new possibilities and make them real in our own lives. We know of no other agent so potent, or so laden with enduring benefit.

Colleges and universities are among the most valuable assets held by the people of California. It is vital to this generation and those to follow that this resource be preserved and expanded.

California, once the frontier of this great country, has developed an outstanding higher education system. But today's frontier is not one of unfamiliar land with mountains and rivers to conquer, but one of:

- ◆ A global society confronting exponential growth in its knowledge base,
- ◆ Changing economic and social patterns in the state and nation, and
- ◆ A future based on the skills and abilities of our people.

California's higher education system continues its development in concert with the nation's need to participate in that global society with an economy heavily dependent on the discovery of new knowledge, the dissemination of knowledge, and technological achievement.

Since 1960, California's Master Plan for Higher Education has been the blueprint for higher education in this state. The Master Plan has been, and is, a "living document." We need to continue to explore ways in which higher education in California can more effectively and efficiently educate for the future. And the State has continued to ensure that higher education is accessible and affordable for Californians.

The Commission's perspective is based on the analyses and findings of our two interlocking Commission reports – *Providing for Progress: California*

*Higher Education Enrollment Demand and Resources into the 21<sup>st</sup> Century and Policy for Progress: Reaffirming California Higher Education Accessibility, Affordability, and Accountability into the 21<sup>st</sup> Century.* As expressed in our recently adopted *A Blueprint For Progress*, the Commission's Legislative and Budget Priorities for the year 2001, the Commission continues to believe that the intertwining principles of **Access, Affordability, and Accountability** are fundamental to the future of both California postsecondary education and the students they serve.

There are continuing issues that we face as a State in higher education and there is room for improvement in this journey of lifelong learning. Of continuing interest to the Legislature are three substantial issues facing the State and its higher education institutions:

1. Enrollment Demand
2. Accountability and a Return on the State's Investment in Higher Education
3. Alignment of Public Schools and Higher Education to the State's Needs

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**Enrollment  
demand**

Perhaps the most critical issue facing higher education today is enrollment growth. Integral to the enrollment demand theme are the subjects of:

- ♦ Student access and **success**,
- ♦ Growth,
- ♦ Role of independent colleges and universities,
- ♦ Student diversity,
- ♦ Adequate and sufficient facilities,
- ♦ Transfer function,
- ♦ Human capital – faculty resources, and
- ♦ Use of educational technology.

California has long had a strong **commitment to widespread access** to higher education for all those who qualify and who can benefit. If California is to continue this promise for the next generation of students, it is critical that there be a thorough understanding of the size of the Tidal Wave II. As a result, over the past few years, the Commission has spent considerable effort estimating the potential size of the anticipated enrollment demand in order to better assist California's policy makers and educational leaders plan for the future.

The Commission's 10-year enrollment projections reveal that by the end of the decade, **nearly 714,000 additional students** are expected to seek enrollment in California's public colleges and universities raising the total to be enrolled from about two million students today to 2.7 million in 2010.

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### DISPLAY 1    *Growth in Enrollment Demand*

Total Enrollment in California's Public Colleges and Universities, 1998	1,998,374
Projected Enrollment Demand, 2010	2,713,127
Number of Additional students Expected	714,753
Percent Change in Total Enrollment	35.8%

Source: California Postsecondary Education Commission.

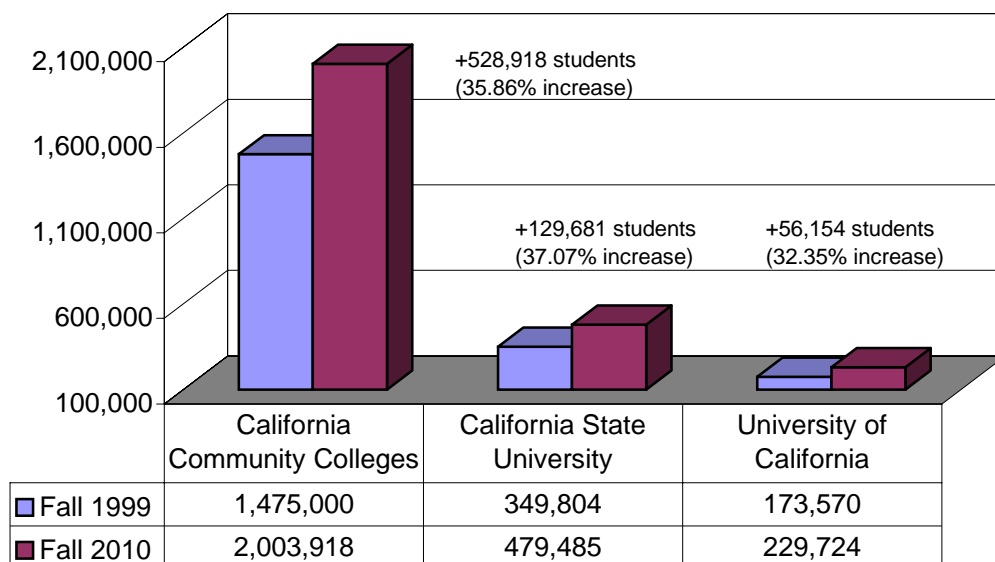
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The display below indicates that all three public systems will see strong enrollment growth, although the largest number of additional students -- 528,000 -- will seek access in one of California's 108 community colleges.

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### Display 2

**Growth in Enrollment Demand by System  
Fall 1999 vs. Fall 2010**



Source: California Postsecondary Education Commission

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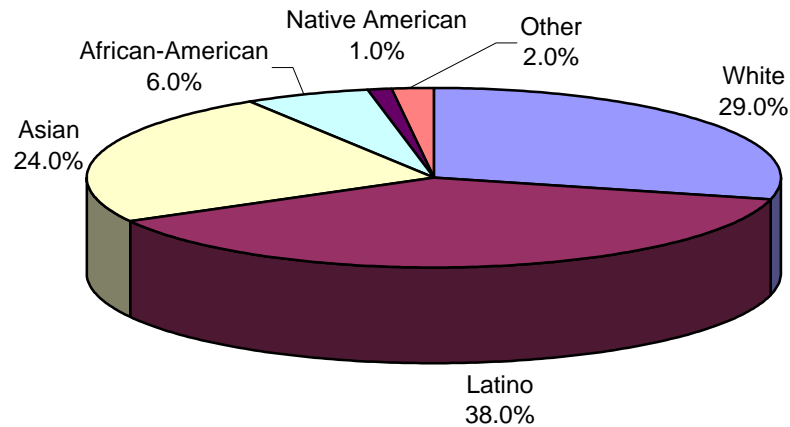
In addition to the figures above, **depending on economic conditions, up to 78,000 are expected to enter our independent higher education institutions** as well. If all these students are accommodated, total enrollment in higher education in California will exceed three million students by 2010.

In addition, these students will be **more diverse than ever**. Approximately 38 percent of the new undergraduate enrollment demand will be comprised of Latino students. White students will make up 29 percent of the growth in undergraduate enrollment demand, followed closely by Asian students who will make up 24 percent. African-Americans will comprise six percent of the

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### Display 3

#### Anticipated Enrollment Growth by Ethnicity



Source: California Postsecondary Education Commission

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growth in undergraduate enrollment demand and Native Americans one percent. The display above illustrates this diversity.

Population growth accounts for the largest percentage of the Commission's enrollment growth projections. That is, 72 percent of the growth in enrollment demand is due solely to demographic changes in California's population. The remainder of the growth is due to expected improvements in college participation.

Clearly, there is a need to ensure that our educational institutions have **adequate and sufficient facilities** to educate these students. However, California cannot, nor should it, attempt to build its way out of the enrollment challenge. Being able to accommodate these additional students will require a variety of new and innovative strategies.

The Commission is pleased that the Governor has once again provided resources to accommodate **enrollment growth** in each of the three public systems and encourages the Legislature to support those augmentations. In addition, we are pleased that the Governor and the Legislature have chosen to reduce barriers to access for students by expanding financial aid through the Cal Grant Entitlement Program and the Governor's Scholars and Distinguished Mathematics and Science programs.

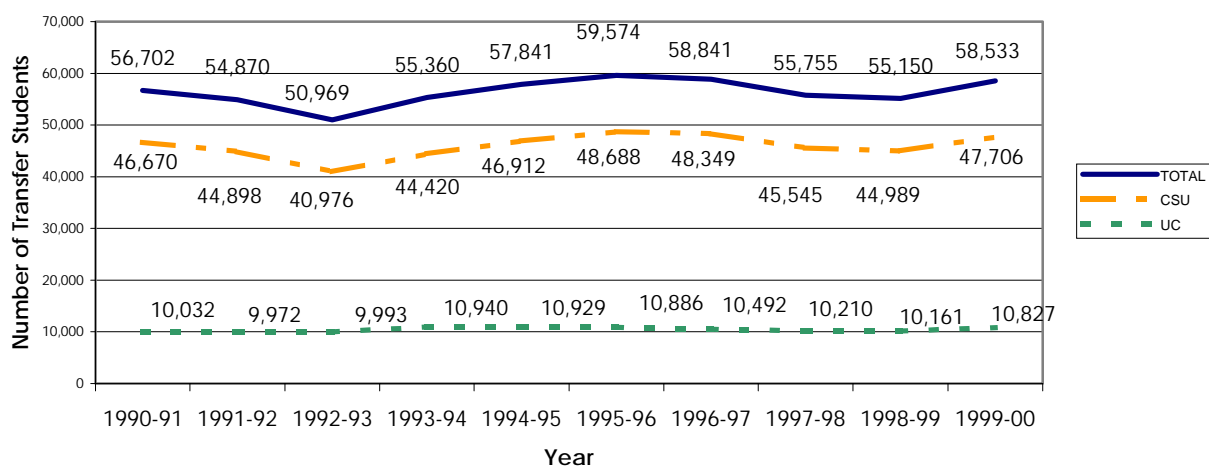
Another very important means to accommodating greater numbers of students is to **improve the transfer function**. The successful movement of community college students to baccalaureate-degree granting institutions is as important as any other component of access to higher education. It be-

comes of even greater importance when one considers that 74 percent – nearly 530,000 – of the additional 714,000 new students expected to enter higher education over the next ten years will begin their journey at a community college. The State’s public and independent institutions are working diligently to improve student transfer, having signed Memoranda of Understanding (MOU’s) with the community colleges and having transfer included in the Governor’s Partnership. Their efforts have shown some progress as transfers to the State University and University of California have increased this year.

However, this improvement is tempered by the knowledge that overall, the documented number of transfer students in 1999-2000 to public systems was only slightly above its level of a decade ago.

#### Display 4

Community College Transfers to UC and CSU  
Full Year, 1990-91 to 1999-2000



Source: California Postsecondary Education

The segmental nature of California’s postsecondary systems sometimes frustrates shared goals such as student transfer. The Legislature and Governor should encourage the systems to make transfer succeed for every qualified student. Student success is the goal.

Accommodating these additional students will also require that attention be paid to **attracting, retaining, and training adequate numbers of faculty**. Just as we are concerned with California’s ability to provide the necessary physical space to accommodate the next generation of students, the Commission is equally concerned about acquiring and maintaining the faculty expertise necessary to educate these students.

In a recent hearing of the Joint Committee to Develop a Master Plan – Kindergarten through University, estimates were made about the numbers of faculty needed by the three public systems of higher education. According to

those estimates, UC would need approximately 7,500 new faculty, CSU approximately 12,000 faculty, and the community colleges almost 20,000 new faculty in the next 10 years.

While the Commission has not done independent analysis of those figures - and we believe there is a compelling need to do so - these numbers present a staggering challenge. Many promising, potential scholars are choosing career paths other than the professorate in today's competitive job market, particularly in certain discipline areas. The Commission encourages the Governor and the Legislature to not only carefully consider strategies extant but to encourage new strategies to attract and retain sufficient numbers of qualified candidates from diverse backgrounds into this important profession. In addition, the Commission is proposing to produce improved statewide data on faculty employment and replenishment.

In sum, the Legislature should facilitate access in numerous ways:

- ♦ Focusing on the needs of students,
- ♦ Funding enrollment growth,
- ♦ Reviewing admissions and eligibility issues,
- ♦ Improving transfer,
- ♦ Providing for faculty replenishment,
- ♦ Encouraging greater use of existing facilities, and
- ♦ Pursuing more effective use of educational technology.

The Commission encourages the Legislature and Governor to urge the higher education systems to not only plan differently but to be innovative to provide student access for Tidal Wave II and to foster student success.

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**Accountability/  
Return on the State's  
investment in higher  
education**

Enrolling students is certainly one significant challenge, but the Commission is equally concerned with **ensuring student success**. Access and success must go hand in hand. Therefore, another critical issue facing higher education in California in the Commission's opinion is in the area of **accountability**.

The Commission has long advocated for increased accountability by our postsecondary education institutions. The Commission firmly believes that, along with the taxpayers annual investment of approximately nine billion dollar in California higher education, should come clear expectations and demonstrated outcomes.

In this regard, the Commission plays a valuable role in providing educators and policymakers with independent data and analysis about various aspects of higher education – information that is fundamental to any effort to ensure accountability. In particular, three annual Commission reports serve as central to the Commission's effort to serve as the State's clearinghouse for reliable information on higher education: *Student Profiles*, *Fiscal Profiles*, and *Performance Indicators*. *Student Profiles* provides critical information about

the California's postsecondary education students enrolled in the three public systems of higher education and in the independent institutions in the state such as enrollments, transfer trends, and the numbers and characteristics of first-time freshmen, for example. *Fiscal Profiles* contains and analyzes statistical information about the financing of California's postsecondary education from 1965 to the present. This document provides comprehensive and comparable financial data that can be used for comparative analysis of higher education finance issues. The Commission's *Performance Indicators* report provides information on a wide variety of indicators that help assess progress in particular areas of higher education.

Along with these efforts, the Commission has embarked on an important effort to expand its student information and accountability system to provide information about students on a longitudinal basis. With the cooperation of the various postsecondary education systems, funding from the Governor and the Legislature, and use of a personal student identifier, the Commission will soon be able to monitor the progress and success of students as they enroll and complete their postsecondary education studies within California. This expanded system will provide educators and policymakers with important information about students and student flow between and among systems that to date has not been possible. Without doubt, once this information is made available, it will greatly enhance our overall understanding of many postsecondary education issues.

The Commission's two major policy reports adopted last summer, *Providing for Progress* and *Policy for Progress* advocate a critical examination of the many education strategies and programs in use, in order to assess their effectiveness in improving both student and institutional outcomes. The Commission commends the Administration for implementing the Partnership agreement with the California State University and University of California systems. The Commission recommends that the Legislature help monitor system commitments under these funding partnerships.

With their collective focus on enrollment and capital outlay funding, these agreements will help the systems meet the State's higher education objectives.

- ◆ The Commission supports the long-term funding stabilization that the four-year partnership provides.
- ◆ The Commission also supports the long-term objectives for the community college system that are set forth in that system's Partnership for Excellence Program.
- ◆ The Commission suggests that the partnership agreements be annually evaluated through an independent, objective review.

For the highest measure of accountability, the Commission encourages the Legislature to **remain focused on California's students** throughout the budget process. As deliberation takes place on each and every item in the higher education budget, consideration should be given to whether the par-



ticular program or initiative under consideration will **benefit students** and whether it has demonstrated effectiveness. A focus on student outcomes and achievement measures will lead to the development of meaningful indicators upon which to gauge success. Most important, it will require making California's students the priority both in word and in deed.

An area for further exploration is that of incentive funding. For example, an incentive-based program developed to increase student participation and retention rates on college and university campuses should be considered. Such a program should be results-oriented, with institutional freedom to develop the methods to be used to get the results. An independent evaluation of such programs is essential. Incentive funding may not necessarily yield cost savings to the State, nevertheless, we believe that its potential benefits merit consideration.

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**Alignment of  
public schools and  
higher education to  
the State's needs**

A third critical issue the Commission believes California must face is to better align K-12 education and higher education to the State's needs. For many years, K-12 education, higher education, and business and industry operated as three distinct universes. The Commission is pleased that over the past few years, there has been growing recognition of the need for the state's educational institutions to work in concert with one another as well as being responsive to the state's economic needs and workforce development issues.

A need exists, however, to improve the education and training partnership, one that develops highly skilled workers at all levels, is geared to lifelong learning that continuously upgrades worker skills, and retrains people in response to new markets and new technologies. The rapidity of technological change requires public schools, colleges, universities, and training programs to adopt higher standards for all students. Furthermore, these programs need to be guided through increased collaboration and cooperation to better **connect education at all levels to business and labor needs in the State.**

The State's higher education institutions have taken a much more active role in recent years in ensuring the quality of education in our public schools – from implementing outreach programs to better prepare students for admission to and success in college, sponsoring professional development institutes to improve the quality of teaching in our K-12 schools, and implementing **reforms in teacher education.** But more work needs to be done to ensure a seamless system of education in California. Issues such as aligning the complicated web of student testing in K-12 and higher education needs further discussion and examination as does better integrating workforce needs into the curriculum and ensuring that higher education opportunities are available to all segments of California's diverse population.

Similarly, the Commission commends the Governor for recognizing the importance of higher education to ensuring that the State remains on the cutting edge in science and technology. The new institutes for science and technology at UC are illustrative of this commitment and we encourage their development. But higher education must do a better job of responding to Califor-

nia's quickly **changing workforce needs**, while at the same time, continuing to educate well rounded productive citizens equipping them with the knowledge and skills to adapt easily to that rapidly changing environment. More partnerships with business and industry and emerging technologies should be encouraged and fostered.

Aligning our educational systems to meet State needs, however, has a far broader implication than that of preparing for future workforce demands alone. Ideally, higher education contributes to fostering individual needs by developing the very best attributes in each of us. It allows for the continual flow of ideas and discourse of those ideas, fosters our democratic institutions, can mitigate inequitable differences, and recognizes the unique benefits of California's diversity leading to social progress.

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**Facilities needs** Another major issue to be addressed continues to be the facilities needs of California higher education. Again, like enrollment growth, this is an area in which the Commission has done significant work.

Clearly, even if California higher education employs a multitude of strategies to meet burgeoning enrollment demand, attention will need to continue to be paid to the physical infrastructure of California's colleges and universities. In the Commission's policy document, *Providing for Progress*, we documented the cost to both maintain the existing physical plant in California's three public higher education systems as well as that needed to provide for enrollment growth.

The display below illustrates this need in each of the three systems and concludes that California higher education needs approximately \$1.5 billion per year for these purposes.

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***Display 5***

<u>System</u>	<u>Cost to Maintain Existing Physical Plant</u>	<u>Cost to provide Enrollment Growth</u>	<u>Total Annual Cost</u>
University of California	\$284,575,087	\$333,513,458	\$618,088,545
California State University	\$164,559,998	\$194,128,125	\$358,688,123
Community Colleges	<u>\$232,348,597</u>	<u>\$293,761,010</u>	<u>\$526,109,607</u>
<b>Total</b>	<b>\$681,483,682</b>	<b>\$821,402,593</b>	<b>\$1,502,886,275</b>

Source: California Postsecondary Education Commission.

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Resources from 1998's Proposition 1A will cease with the 2001-02 fiscal year, requiring the need for passage of another general obligation bond in the very near future. The Commission suggests that approximately two-thirds of this facilities need can be met through general obligation bonds and, hence, we conclude that a four-year bond of at least four billion dollars will be

needed to meet California public higher education's infrastructure needs. Further, **the Commission strongly encourages the Legislature and Governor to consider setting aside in the next bond proposal a portion of the funds for joint use facilities and collaborative educational centers through which enrollment demand can be better met and efficiencies utilized.**

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**Planning and  
coordinating  
higher education**

**Higher education coordinating and planning body** - In order for the State to make the most effective use of the limited State resources available for postsecondary education activities, **it is imperative for the State to have a strong and effective higher education coordinating and planning agency.**

The Commission has made considerable effort over the last several years to ensure that this agency has the staff and fiscal resources necessary to fulfill its statutory responsibilities and respond to the needs and concerns of the Governor and Legislature.

Further, the challenges facing California higher education today are more daunting than in past decades. As previously noted, the projected Tidal Wave II of students, technology issues, faculty supply and demand, and California's changing demographics all present challenges and complexities not previously considered. If the State is to ensure that its limited higher education resources are used effectively, it must invest in a strong higher education planning and coordinating agency. The Commission urges the Legislature to consider providing CPEC with additional resources to more effectively plan and coordinate the activities of California higher education.

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**Budget savings  
and areas of  
potential  
redirection**

One of the statutory responsibilities of the Postsecondary Education Commission is to "ensure the effective utilization of public postsecondary education resources, thereby eliminating waste and unnecessary duplication."

Additional **planning and coordinating** is critical to the issues of ensuring cost savings and understanding return on investment in our colleges and universities. California should send a **strong signal of expectations** not only to students, but also our postsecondary education institutions. Some areas for consideration include the following:

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*Partnership and  
collaboration*

To the extent possible, the Legislature and Governor should -- both through policy and funding decisions -- encourage and promote the development of partnerships and collaborations between our educational institutions, both K-12 and higher education, and with private business and industry. Our various institutions must improve upon the collaborative activities in which they are now engaged to make the most effective use of existing human, capital, and fiscal resources.

One example of such collaboration can be seen in AB 1123 as authored by Assemblymember Cardoza that requires the Commission to convene all seg-

ments to discuss funding priorities for education technology in California postsecondary education.

<i>Review and evaluation</i>	The Commission encourages the Legislature and Governor to ensure that currently funded programs are effectively serving the needs of students and of the State. To that end, consideration should be given to requiring both existing and newly funded programs to undergo a review or evaluation to ensure that they are meeting their goals and California's needs and to determine the return on the state's investment.
<i>Sharing of faculty resources</i>	All higher education systems have identified as one of their most critical issues <b>the need for sufficient numbers of quality faculty</b> members in the coming decade. We believe that the faculty resources of one institution could and should be shared with sister institutions, through traditional as well as electronic means. Consideration also should be given to such measures as joint faculty appointments at inter- and intra-institutional levels within a given segment but also between and among the systems, including public and independent colleges and universities. Statewide information collection and analysis relating to faculty needs could assist the State in planning in this critical area.
<i>Sharing of facilities</i>	As the Master Plan indicated, access to equipment and capital-intensive instructional environments can be shared among many institutions. Also, electronic techniques are being used to meet some inter and intra-campus instructional requirements. In addition, underutilized facilities on one campus may be shared with another institution to meet space requirements to accommodate students. The Legislature and Governor should encourage the individual segments to explore additional resources through bond measures and other means of raising capital, but to also <b>consider creative alternatives in cooperation across segments and institutions</b> .
<i>Educational centers</i>	<p>An area of considerable interest and one that the Commission is actively engaged in currently is <b>the planning and development of educational centers</b> in several parts of the State. An educational center typically involves at least two levels of education and in some cases may involve the full educational enterprise in a given region or locale. For example, a CSU campus and community college may share land, facilities, and have coordinated academic programs at a specific location within a region of the state. In another situation, a local high school district, a community college, and a CSU campus are considering having adjoining facilities on property and have coordinated planning of programs and the continuum of two-plus-two-plus-two educational opportunities.</p> <p>In another state such an educational center involves a single physical location with shared library and facilities, joint appointments in the faculty and administrative arenas, and collaborative academic programs to ensure the transferability from one system to another through the graduate levels.</p>

In addition, as previously mentioned, the Commission encourages the Legislature and Governor to extend the capability of the next bond measure to address facilities' needs by specifically setting aside a percentage of the total for collaborative educational centers to serve regional enrollment demand.

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*Impact of Energy  
Crisis*

Yet another area for further exploration relates to addressing the energy crisis now faced by California. The Commission is currently engaged in conducting a survey examining the extent of the impact of the energy crisis on higher education institutions in California. We believe that creative approaches of partnerships should be explored and analyzed. For example, the co-generation of energy between and among the educational enterprise and perhaps the private sector should be pursued and encouraged. Whether by sharing in the generation of energy or the use of the energy created by single or collaborative efforts, the State should further explore options and alternatives that promote efficiency.

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*Conclusion*

Daunting challenges face California's postsecondary education during the upcoming 2001-2002 legislative session. The Legislature will be addressing a number of initiatives, through both the legislative and budget process, designed to meet California's higher education needs. In addition, the Joint Committee to Develop a Master Plan for Education – Kindergarten through University will be considering significant policy alternatives to improve California's system of education for the next generation of students. As work progresses in these various arenas, the Commission urges the Legislature and the Governor to continue to recognize the importance of ensuring widespread access to higher education, focusing on the student, maintaining affordability of college attendance, and encouraging greater accountability from our educational institutions. The Commission strongly believes that principles of *Access*, *Affordability*, and *Accountability* remain fundamental to the future of both California postsecondary education institutions and the students they serve.

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